

President pro tem emeritus of the Senate, not to mention Democratic whip and chairman and ranking member of the Senate Committee on Appropriations. He is the preeminent historian of the Senate and the author of the definitive history of this institution. He is a legendary orator. His speeches cover everything from the great issues of the day to the framers of the Constitution and the need for civility in the Senate to the virtues of the King James Bible and even the greatness of dogs. He is a master of the Senate's rules and traditions. Two years ago, he offered to share his knowledge of those rules with newly elected Senators. Most of the new Senators took advantage of those priceless tutorials. So did a few Senators who had been around for a lot longer.

All of his life, ROBERT BYRD has been driven by the desire to know and understand more. He was already serving in the Senate when he earned a law degree from American University in 1963, after a decade in night school. He received his bachelor's degree from Marshall University in 1994.

Besides great constitutional issues, another development that always provokes eloquence from Senator BYRD is when one of his fellow Senators marks a personal milestone. I was deeply touched by his beautiful words to my family and me on the birth of my first grandchild nearly a year ago. I know those words were not easy ones for a man whose heart still breaks over the death of his own grandson 20 years ago. And my family and I treasure them.

Last November, the New York Times ran a profile on Senator BYRD on the occasion of his 85th birthday. The article described how, during the debate on the homeland security bill, Senator BYRD would come to this floor every day and, for hours, voice his concerns about what he regarded as serious flaws in the bill.

The reporter asked Senator BYRD: "Why are you spending so much time—and irritating some of your fellow Senators—prolonging a battle you're sure to lose?" Senator BYRD replied, "To me, that question misses the point, with all due respect to you for asking it." "To me," he said, "the matter is there for a thousand years in the record. I stood for the Constitution. I stood for the institution. If it isn't heard today, there'll be some future member who will come through and will comb through these tomes."

To that, I will add a prediction of my own: Years from now, Americans will read the name "ROBERT C. BYRD" and they will read the words of this extraordinary Senator. And when they do, they will feel that same respect and gratitude I felt when I held that ledger in my hands and looked at the names of some of the giants of our past. ROBERT C. BYRD is a vital link to the patriots who created our democracy . . . I am honored to know him and serve with him, and to call him my teacher and friend.

By the way, on December 2, 2009, Senator BYRD will become the longest-serving member in the history of Congress. I look forward to celebrating that day with him and to the many days I hope to be able to serve with him and learn from him between now and then.

I yield the floor.

#### CONGRESSIONAL BUDGET FOR THE U.S. GOVERNMENT FOR FISCAL YEAR 2004—Continued

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I rise to respond briefly to my colleague who spoke previously on the question of the budget before us. He put up a chart that showed just the effects in 2004 and said that the tax cut was not the biggest reason for the decline in our fiscal condition. But let us recall that the chart he put up was for 2004 alone.

The President's proposals are not 1-year proposals. They are multiyear proposals. Two thousand four is one of the years where the tax cuts have the least cost and the least effect. The reason for that is the tax cuts that have already been passed and the tax cuts the President has proposed are back-ended loaded.

The biggest cost comes toward the end of the 10-year period. When we look at the whole 10-year period of 2001 going forward, what we see is a much different picture than our colleague from Idaho showed.

There we see that the biggest single reason for the decline in our fiscal condition is the tax cuts. We can see, just as a reality test, the tax cuts already passed, including the interest cost, are \$1.7 trillion. The tax cuts going forward, the President has proposed, including interest costs, are \$1.96 trillion. That is a total of nearly \$3.7 trillion. The decline in our fiscal circumstance is \$7.7 trillion. So just as a reality test, the biggest single reason for the overall decline in our fiscal condition is the tax cuts.

The next biggest is the spending that occurred because of the attack on this country, 27 percent. Twenty six percent is also revenue decline, revenue decline not attributed to tax cuts but because there was an overestimation of revenue. The smallest part of the reason for our declining fiscal condition is the economic downturn.

Our colleague from Idaho also said that this budget balances by 2013. It does on a so-called unified basis. That is when you put all the money in the same pot—all the money from whatever source going in the pot, all the spending coming out of that pot.

I have never believed that that is the right way to handle Federal revenue and Federal spending because, for example, the Social Security trust fund ought to be treated differently. All the money should not go in the same pot. You should not be taking operating expenses out of Social Security revenues.

We didn't put on a payroll tax to raise revenue to pay for the other functions of Government. We raised payroll taxes in order to pay for Social Security benefits.

In the year 2013, the amount of money from the Social Security trust fund that will be used to pay the operating expenses of the Federal Government will be \$331 billion.

That doesn't strike me as a balanced budget. No private sector firm could take the retirement funds of their employees and use them to fund the operating expenses of the company. If you tried to do that, you would be on your way to a Federal institution, but it would not be the U.S. Congress.

On the issue of who benefits from the tax cut, the Senator showed percentage reductions for various income categories. But if we look at who gets the dollars, we get quite a different picture. This is from the Department of Treasury. It shows those earning \$30,000 to \$40,000 get, on average, \$252. Those earning over \$200,000 get \$12,500. And if you earn over \$1 million, you get an \$88,000 tax cut. It is true that the wealthy pay a higher proportion of taxes in this country than do the rest of us, but they don't pay that much more.

Our friends always want to exclude payroll taxes. The fact is, 80 percent of American taxpayers pay more in payroll taxes than they pay in income taxes. So that has been left out of the calculation completely.

Finally, on the question of what do we do about our circumstance, I was glad that our colleague put up a chart that showed the revenue of the Federal Government and the spending of the Federal Government. It is both of those elements that create deficits. So if you have a tax cut that costs \$100 billion, that adds \$100 billion to the deficit just like if you spent \$100 billion.

In this budget proposal, even though we are already in record deficit, they propose cutting another \$1.4 trillion. With interest costs, that will be an additional deficit of \$1.7 trillion. I don't think you can stand up and be against deficits and, on the other hand, vote to explode them. You either walk the walk and talk the talk, or else you wind up where we are headed, which is into deep deficit and deep debt.

The fact is that we are not making the choices that are going to be necessary. If we are going to have that level of tax cut, then you have to cut the spending to offset it, unless you want to put it on the charge card, create deficit.

Finally, the Senator from Idaho indicated that some of us are advocating doing nothing. Well, I am not advocating doing nothing. I am advocating that, with our country in the position of record deficits, on the brink of war, with not a dime of war costs in this budget, it would be wise for us not to add new spending unless it is for national defense or homeland security—not to add additional tax cuts, unless it

is for a stimulus package for the economy, until we know more about what this war cost might be.

It seems to be common sense to me that we know more about our circumstances. I will offer an amendment tomorrow that does that. It at least creates a 60-vote point of order against new spending, unless it is for national defense or homeland security, and it will preclude additional tax cuts unless they are for a stimulus package because it seems to me to head off the cliff on the brink of war is extraordinarily unwise.

With that, I thank the Chair. Does the Senator seek time?

Mrs. MURRAY. I do. I would like 15 minutes.

Mr. CONRAD. Mr. President, I yield 15 minutes to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, I thank my colleague from Alabama and my colleague from North Dakota. I also thank the Senator from North Dakota for his tremendous work on this budget.

Mr. President, I can really think of only one word to describe the budget now before the Senate. In the middle of a war on terrorism—and on the eve of a war in Iraq—this budget offers a huge tax cut to the few, projects massive deficits for decades, and ignores the cost of war in Iraq.

There is only one word for that approach: reckless.

Lacking in caution—reckless.

Deliberately courting danger—reckless again.

It is time for a reality check. Hundreds of thousands of our soldiers are poised on the knife's edge, ready to perform their duty at any moment. On this critical day, we hope and pray for their safety, security, and speedy return. There is no doubt that Congress will provide for our soldiers, both on and off the field of battle.

We know it will cost a lot of money. We know the money is well spent in keeping our Nation's best and brightest as secure and safe as possible.

But the cost of winning this war and winning the peace afterward is not reflected anywhere in this budget. That is irresponsible. That is burying our heads in the sand as the danger approaches. I cannot imagine any American family going out and running up their credit cards when they know they are going to have a major expense in the next months.

Ignoring the financial costs of war will not make those costs go away. Driving our country further into debt will certainly make it harder for us to pay those bills when they come due.

Mr. President, the only word for that approach is "reckless." This budget would pile on record deficits, give a tax cut to the few, and ignore the costs of war and peace. But even worse, this budget doesn't even adequately fund the basics, such as homeland security, education, and transportation.

A budget is a statement of priorities. In an environment where we cannot fund everything, we have to make choices based on our values. I think we have to get our priorities straight.

Today, we are fighting a war on terrorism, we are on the brink of a war in the Middle East, and we have many other international challenges, including North Korea and Iran. Historically, when our Nation is facing war and so many challenges, we sacrifice, we make every dollar count, but not in this budget.

I cannot recall another time in our history when we have faced so many challenges, yet have been so reckless with our budget. This budget would provide a massive giveaway to the few, while our sons and daughters fight a war overseas. That is not sacrifice, that is not responsible and I think it is wrong.

The President's budget, with its free-wheeling tax cuts and lack of sacrifice in the face of war, is more appropriate for the roaring twenties than for the challenges we face today, in 2003.

I am very skeptical of a budget that says we can have it all, even as we stare down massive financial commitment for years in places such as Iraq. Ignoring the cost of war and its aftermath is reckless. Running up huge deficits to fund a misguided tax plan is reckless. Failing our needs at home, such as homeland security, border security, education, and transportation, is reckless.

Just look at homeland security, which will become, by the way, even more important if our country is at war. September 11 showed us, in a most horrific way, that we are vulnerable at home. Our intelligence officials have told us that another attack at home is not a question of "if" but "when."

We know our first responders—our firefighters, EMTs, and police will be on the front lines if, Heaven forbid, there is another attack. I recently got a letter from Kelly Fox, president of the Washington State Council of Firefighters. They represent 6,500 firefighters in my State. These are the people who are in the trenches of the homeland security front. They told me they don't have the training, the equipment, or staffing to respond to various attacks.

I want to share with my colleagues a letter that Kelly Fox, president of the Washington State Council of Firefighters, wrote to me:

Let me assure you, we are prepared to do whatever is necessary to protect the citizens of this State—even if it means putting ourselves in harm's way. Although the job we need to perform in this war on terrorism is familiar, the magnitude of the challenges before us is unprecedented—as the enemy now comes to our cities and towns.

He goes on to write:

Last August, Congress (led by a Democratic majority in the Senate) provided President Bush \$2.5 billion in emergency homeland security funding, for him to release to local police and fire departments if he thought it was needed. Regrettably, he re-

jected that funding and vowed, "we'll spend none of it."

President Bush held back hundreds of millions of dollars for equipment, training, and other needs for our first responders.

Fifteen months ago, we were told that \$3.5 billion was being earmarked for first responders in the Bush administration's fiscal year 2003 budget. But to date that money is nowhere to be found. Firefighters in Washington and across our Nation have received plenty of praise and accolades since 9/11. We have been invited to many photo ops.

But our cities and towns, our counties, our fire districts, and their fire departments are still waiting for that funding. In fact, our State has yet to see a dime of money that was promised by the Bush administration to help our firefighters and paramedics.

Kelly Fox speaks for 6,500 firefighters in my State. We need to heed his call.

Last year, Congress passed funding for homeland security. The President rejected it. The President then actually blamed Congress for not funding homeland security.

The bottom line is we must fund the security needs in our communities—from our fire departments and police departments to State public health labs. With States facing budget deficits, first responders need our help to protect our citizens. We can do better than this budget. I will support an amendment to adequately fund homeland security, and I will likely even offer my own amendment.

I am also concerned that this budget does not provide enough funding for education. When we passed the No Child Left Behind Act, we passed it based on two commitments. First, we would hold schools accountable for their progress. And second, we would provide schools with the resources to meet those new requirements. Those two always went together—otherwise schools cannot make real progress. But now it seems that Congress and the President have forgotten about the funding part. We still have an obligation to fund the new requirements that Congress imposed on local schools. We cannot leave local schools holding the bag, so I intend to offer an amendment to fully fund the No Child Left Behind Act.

I also think this budget falls short in supporting our transportation infrastructure. We know that transportation problems plague our biggest cities and isolate our rural communities. In my home State of Washington, our inadequate transportation network is hindering our economy, our productivity and our quality of life.

When we make sound investments in our transportation infrastructure, we create good jobs today, and we build the foundation for our future economic growth. When we make our transportation systems more efficient, more productive, and safer, that will pay real dividends for our economy and our communities. Throughout this process, I am going to support efforts to adequately fund our transportation infrastructure.

Another area where this budget is severely flawed is in its treatment of the Arctic National Wildlife Refuge. The Arctic National Wildlife Refuge is an important and unique national treasure. It is the only conservation system in North America that protects a complete spectrum of arctic ecosystems. It is the most biologically productive part of the Arctic Refuge. And it is a critical calving ground for a large herd of caribou, which are vital to many Native Americans in the Arctic. Energy exploration in ANWR would have a significant impact on this unique ecosystem.

The proponents of this measure argue that over the years, energy exploration has become more "environmentally friendly." While that may be true, there are still significant environmental impacts for this sensitive region. Exploration means a footprint for drilling, permanent roads, gravel pits, water wells, and airstrips.

The oil reserves in ANWR—in fact, the oil reserves in the entire United States—are not enough to significantly reduce our dependence on foreign oil. There are four ways to really reduce our need for foreign oil.

First, we can increase the fuel economy of our automobiles and light trucks. That will reduce air pollution and carbon dioxide emissions, save consumers significant fuel costs, and reduce our national trade deficit.

A second way to reduce our need for foreign oil is to expand the use of domestically produced renewable and alternative fuels. That will reduce emissions of toxic pollutants, create jobs in the United States, and reduce our trade deficit.

Third, we can invest in emerging technologies like fuel cells and solar electric cars.

Fourth, we can increase the energy efficiency of our office buildings and homes.

These four strategies will reduce our dependence on foreign oil and protect one of our Nation's most precious treasures.

Let us all remember that the amount of oil in ANWR is too small to significantly improve our current energy problems. The oil exploration in ANWR will not actually start producing oil for as many as 10 years. Exploring and drilling for oil and gas at ANWR is not forward thinking. It is a 19th century solution to a 21st century problem.

Mr. President, these are just some of the flaws that make this budget reckless.

As I close, let me put this into context because I have served on the Budget Committee since 1993. During that time, I have seen our country's economy turn around twice now. In 1993, we started with huge budget deficits. On the Budget Committee, we made tough decisions, and throughout America families worked hard and got our economy moving again. Employment rose; the stock market soared; and Americans benefited from low interest rates and declining poverty.

But today it seems as if we are back where we started: the surplus is gone; we are facing looming deficits; Americans are out of work, and they need help.

If the President and the majority in this Congress have their way, their plan will grow our Nation's debt from \$5 trillion to over \$12 trillion as their plan reaches full maturity—\$12 trillion. And for what? So millionaires can get an average tax break of \$90,000, according to the Tax Policy Center, and the rest of us get a \$12 trillion debt. That debt and our annual deficits will make it harder for us to fund urgent national priorities. It will hit every American when they buy a house or finance a car.

I hope we can find a way to produce a bipartisan budget that addresses these issues for the benefit of the American people. Doing anything less would be reckless.

I thank the Chair and yield the floor.

The PRESIDING OFFICER (Mr. CHAMBLISS). The Senator from Oklahoma.

Mr. NICKLES. Mr. President, how much time does the Senator from Alabama desire?

Mr. SESSIONS. Fifteen to twenty minutes.

Mr. NICKLES. I yield the Senator from Alabama as much as he desires.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. I thank the Chair for giving me an opportunity to speak on this important budget issue, and I thank Senator NICKLES for yielding me time.

Mr. President, I congratulate Senator NICKLES and express my admiration for him, quite sincerely, for the superb job he has done as chairman of the Budget Committee. It is a very important committee in this Congress. He has handled it with great skill. He knows, and we all know, that this year we need a budget.

Last year we did not pass a budget. Last year we did not pass 11 out of the 13 appropriations bills during the tenure of the Democratic leadership, and we were left to commence this year with the very difficult problem of funding the Federal Government by passing in an omnibus bill 11 appropriations bills that should have been passed last year before October 1 when the fiscal year began. We were operating on a continuing resolution and operating in a way that made no sense if anybody studied it. If the American people had known how poorly we had operated last year, they would have perhaps been even more upset than they have been with us.

This year, we have a Budget Act and we passed it out of committee. We have it before the Senate. If we continue our timely operation, we will pass it according to the time limits of the Budget Act. We will have a framework for our spending program in the Congress, and only then will we know what our limits are and what we have to spend, what we can do in terms of tax cuts,

and how we can stimulate and grow this economy. Those are the issues that I think are important.

I note, in response to some of the comments, my good friend Senator CONRAD complained that Senator CRAPO had not been accurate or described the full picture when he discussed the problems with surpluses this year, the deficit this year, and how it occurred. What Senator CRAPO said was absolutely correct. Senator CRAPO pointed out that they had predicted a \$300 billion-plus surplus this year, and with that prediction hanging out there, spending went up substantially the last couple of years. Now with the economic slowdown and the 9/11 attack, the stock market taking hits, those predictions have not been accurate. He posed a question: Why is there a deficit this year? Why is it being projected for next year? And he explained without dispute, I think, that it was not the 2001 tax cut passed by this Congress and requested by President Bush. It represented only 19 percent of the reduction in revenue. That 51 percent of the reduction in revenue to the Federal Government was a result of the economic slowdown, and 24 percent of the disappearance of our surplus was the direct result of increased spending.

The point he was making, and that is so important for us to know, was that economic growth is the way we are going to get out of deficit. It is not counting numbers. It is what we can do to strengthen the American economy, to get people working again.

There are some good aspects in the President's package for growth, but one of them is ANWR. I flatly dispute the argument that if we could bring on the oil production out of Alaska, that the Alaskans want us to produce, that would not positively impact our economy. As a matter of fact, the National Group of Unions has come before Congress and urged us, pleaded with us, to pass ANWR. Their estimates are that it would create 600,000 jobs. That is jobs in the United States of America.

When we buy oil from other countries such as Venezuela and Saudi Arabia, who gets the jobs? People in those countries get the jobs. They pay taxes to their countries on the income they make. If we had Americans working on this pipeline and steel mills build the pipe and do all that would be a part of this tremendous endeavor economically, they would be paying taxes to the United States of America. When we buy oil from Saudi Arabia, Iraq, Venezuela, and places such as that, it is a transfer of our wealth to those countries. We want to keep as much of that wealth home as possible.

Does anyone think the environment is important in Venezuela? I do not think they would. I submit that with the technology, and control by the Environmental Protection Agency, and the watching by the environmentalist groups, there is no doubt in my mind we will produce oil cleaner in the ANWR region than we would in any of

these other countries. So I believe that is a red herring, and it is a tremendous economic potential for us to work on that. So growth is important.

I also would point out to my friend, Senator CONRAD, there is no dynamic scoring whatsoever in his numbers. They do not suggest there is any growth in the economy that comes from allowing people to have revenue and be able to keep money in their own pocket. It does create an economic growth situation. That is unaffected, and it even becomes more significant as the years go by in the outyears.

Our friends across the aisle are proposing some sort of growth package, but it is very anemic, \$300 or \$350 per person. That is no answer at all. What we want to do is get our country back on steady growth progress. If we can do that on a healthy level so that we are leading the world, as we have and really as we do today in terms of a large economy that is growing, I think we can make progress that will begin to erase these deficits and we will not do it by taxing American people more.

We have heard Senator KENNEDY complain with gloom and doom that everything is going so horribly bad, this war is going to put us in bankruptcy, and the American economy is going to fail. Oddly, on the announcement that hostilities may be nearby, the stock market has been surging today. I do not think we should be so gloomy. I think we ought to see the possibilities for the future.

I say this about funding this war: We voted last October, and we had a full debate by all the Members of this body. Senator KENNEDY, I guess to his credit, from his point of view—and he is consistent—opposed the war. But overwhelmingly, we voted to support it, 77 to 23. We talked about the costs at that time. Everybody knew it was going to cost, and everybody knew it would be paid for by a supplemental because it is not a part of the normal defense budget.

We made a commitment to our troops. We have a quarter of a million troops in the Iraq region, and they are prepared to put their lives at stake for us. I do not think there ought to be the slightest suggestion in any way that we are not going to honor that commitment. When we committed to put our troops there, we committed to pay the cost of it.

I, for one, believe we ought to keep it low. I believe we ought to get our troops out when the war is successfully completed, if it goes to a conflict, as soon as we possibly can. I think we ought to do everything we can to strengthen Iraq. But I do not believe this Nation should permanently attach itself in a military way to Iraq, for a whole lot of reasons, and I do not think it is going to happen. I do not believe the Secretary of Defense believes that. I do not think the President does.

Some of these figures that are being floated around have been exaggerated. So we voted. We are going to back him.

As a member of the Armed Services Committee, I point out that on February 27 of this year, in a letter signed by our chairman, Senator JOHN WARNER, and the ranking Democratic member, CARL LEVIN, they suggested clearly that we would fund the costs of a war by a supplemental. In the letter they wrote on February 27, it says:

The administration is expected to request a supplemental appropriations for these concurrent and future military operations. We urge our colleagues' consideration for any such request. We must show strong support of our troops in the field.

Signed, CARL LEVIN and JOHN WARNER.

Now, that is what we have been doing all along, and everybody knows it. I know the Democratic leader, Senator DASCHLE, has been promoting the idea—was quoted in the paper, and it came up at the Budget Committee; now it has come up on the floor—that they would start carping about the fact that we cannot have a budget until the President sets forth in detail exactly what money is going to be spent on this conflict, a conflict that has not even occurred yet. He should not be expected to do that.

We had the Congressional Research Service to check on budgeting for wars in the past, and they stated this, if it makes any difference to anybody:

Presidents have not requested and Congress has not provided funding for wars in advance of the start of operations. Rather, administrations have requested funding after operations have begun and Congress has subsequently appropriated money to meet specific documented budgetary requirements.

Further:

Congress has provided the executive branch with considerable flexibility in financing military operations in advance of specific congressional action on appropriations.

Of course, that is the way it has been historically because that is the way it is. We cannot predict how these things are going to go with certainty. I believe that is a red herring and an improper thing to be saying now, to suggest that we may not be willing to fund this effort. We are going to keep the cost as low as possible. But this Congress, through its vote last fall, when Democrats were in the majority, authorized the President to act if he needed to and we would pay for it.

I will make a couple of points in general about where we are with the budget and what we can do about it. The economy has been sinking. In fact, as I recall, during the last month of President Clinton's tenure in office, the economy was in negative growth. The President inherited an economy that began to stall. It began to make some progress, and then there was 9/11, and the economy has not moved.

We do not need to get into recriminations or blame. The question is, What do we do now to grow this country, get our economy moving? That is the question we ought to deal with. When there is a robust economy, unemployment falls. This allows American workers

choices on jobs. Certainly some workers will be able to find a job and other workers will have choices and can pick a better job.

Growth helps employment. It provides more overtime to workers and it provides more revenue for the Government. That ought to make our big government friends happy. The more people work, the more they make overtime, the more they pay taxes, and the more we can spend it in Congress.

We clearly are at a point where we need to strengthen economic growth. Americans believe and the characteristics we display as a Nation are to focus on growth in the private sector. Innovation occurs there; investment occurs there; jobs are created there. That is how we make progress as a nation. That is why we remain strong economically. We are not where we want to be.

I saw recently unemployment in Germany was at 13 percent. The French economy is in trouble. The Japanese economy has been in trouble for a long time. Consistently, our economy has been stronger than the other industrialized nations in the world. We have done it because we have believed in the private sector. We learned through the big government years, it does not work. Tax and tax and spend and spend does not create jobs. We remember President Clinton made that dramatic announcement, the era of big government is over. It represented the collection of intellect and economic offense of tax-and-spend government. It was a big deal when he said that. It was an important change in our psychology.

I suggest we ought not go back to tax and spend. We need to watch what we do. We need to contain the growth in spending. We have another growth plan this year. We need not follow that European model that has stilted their economy.

It is the time of less taxes, less regulations, and a greater commitment to the free market has allowed us to be a vibrant and strong economy and allowed us to have money to spend on a military, have money to spend on incredible amounts for our research and health care, to be able to help the fight for AIDS around the world, because we have a strong economy. We need to defend and cherish that aggressively.

There are a number of components of this tax package. I don't know who my colleagues refer to as the rich, but let's talk about some of the people who are going to benefit from eliminating the marriage penalty, reducing tax rates for all groups, accelerating and enhancing the tax credit individuals get for children, enhancing the child tax credit, and eliminating double taxation on dividends.

The President has proposed moving forward the cuts in the marginal tax rates. Those are the rates paid, depending on your income level, with lower rates made retroactive to January 1 of this year, which will give a stimulus to the economy. What does that mean? Tax brackets in excess of the 15 percent

rate, already slated to decrease in 2004 and in 2006 based on the existing law, will be made effective immediately. In other words, we are phasing in tax cuts and the reduction of that 15 percent rate at 10 percent and making that happen by 2006.

The President said let's make that effective immediately. These are working Americans, lower-income working Americans. Currently, the tax brackets in this range are 27 percent, 30 percent, 35 percent, and 38.6 percent at the top. The President's proposal will immediately reduce each of these tax brackets to 25, 28, 33, and 35 percent. At their lowest levels, these benefit married couples with taxable income of \$47,000 and up, and single taxpayers with taxable incomes of \$28,000 and up. Who would benefit from the change? The Treasury Department estimated 28 million taxpayers would receive an average tax reduction of \$1,100. That is almost \$100 per month this Government will not be extracting from hard-working American citizens. They will be allowed to keep that money. There is no tax on this. Remember, there is no withholding on this reduction in tax. It is right off what you would be paying the Federal Government. A taxpayer who gets a \$90 a month benefit receives a benefit of \$90 a month.

Second, the plan calls for acceleration of the reduction of the 10 percent bracket expansion that has been scheduled for 2008 and brings it to 2003, this year. That means effective immediately, for married couples, their first \$14,000 in taxable income is taxed at only the rate of 10 percent. It does not mean their first \$14,000 they earn, but the first \$14,000 taxable income after their deductions. That is a 33 percent reduction. Under current law, only the first \$12,000 in taxable income is allowed to be received at this preferential rate. Single taxpayers would see their first \$7,000 in taxable income immediately fall under the lower rate. Who benefits? The Treasury estimates it would reduce taxes for over 69 million taxpayers.

The President is also proposing an accelerated reduction in the marriage penalty. As we have all learned, there is a penalty on marriage in this country. It is the result of a quirk in the Tax Code which assesses additional tax liabilities on couples who choose to marry and file jointly rather than remaining single where they can file separately. The marriage penalty is an unfair and incredibly unpopular part of the Tax Code. In fact, we are in the bizarre position in this country of penalizing that which we would want to encourage—marriage. I know someone who got divorced in January. They said had they been clever and gotten their divorce in December they would have saved \$1,800 on their taxes. We had the spectacle of the U.S. Government paying bonuses to people who divorced and penalizing people who marry. It is not good social policy. It is not good tax policy. It is something we ought to

eliminate. It is past due to be eliminated. We are working on that. We were going to phase this in by the year 2009, and the President proposes making that effective this year so people get the benefit now. A married couple earning a taxable income of \$47,000 or more will be able to claim twice the standard deduction they are currently allowed.

Who benefits from this? According to the Treasury Department, 35 million married couples would receive an average tax deduction of \$574 from this alone. That is meaningful money for any family. The economic principle is when you tax something, you get less out of it. When you subsidize something, you get more. We have been taxing marriage and subsidizing divorce. That is not good for this country to be doing.

Another of the President's proposals is to accelerate the child tax credit, immediately raising this credit to \$1,000 in 2003 from its current \$600 level. When I got elected to the Senate in 1996, I campaigned on this issue. I talked to young families all over America. They are trying to buy a house. They have to have a car. Maybe both are working. They have to have two cars. They are trying to raise children and meet those expenses. The tax deductions that were significant for children in the 1950s have been totally eroded, and they are getting whacked in taxes. They are trying to raise the next generation of children taking care of us when we are drawing Social Security.

I think this is a huge deal. I remember how excited I was when we passed the \$500-per-child tax credit in 1997. They said this was cutting taxes too much. It was too much of a tax cut and we could not sustain it. But we continued, ending up later having the huge surplus we had just a couple of years ago.

This is a fairness issue. In this country, the people who may be hurting the most when you look at it fairly are young couples, just working, just beginning in their careers. They have not raised up and gotten seniority, been promoted and making higher wages, but they have young children they are trying to take care of, to educate, to buy shoes for, to take to Disney World on occasion if, Lord willing, they have the opportunity.

We ought to pass this tax deduction and accelerate it as good public policy. This will also put money in the pockets of families to spend on behalf of their children. It will help the economy when they buy products. Somebody makes those products. Somebody at the store benefits from that. You pay sales taxes on it. The State and local governments benefit from that also.

According to the numbers I have, 26 million families would receive an average tax benefit of \$623. That is \$40-plus or \$50 per month as a tax benefit as a result—per child under this plan.

We have a plan for small businesses to be able to accelerate their deprecia-

tion, their expensing of new investments from \$25,000 to \$75,000. We want to encourage businesses to expand, to invest. When they do that, they hire people to do the expansion. They buy equipment. They expand their building. They improve their parking lot. They create economic growth. Small businesses, for a lot of reasons, are not being treated fairly in today's business environment.

I strongly believe, in the course of passing legislation that would create a budget for us and that would allow for a growth package and would set the spending levels for America, we need to create an atmosphere, not of dependence on government benefits; what we need to do is create an atmosphere that invigorates employment in the private sector, creating jobs, creating choices of jobs for American workers, where they can get raises and leave one business and go to another one for a higher paying job if they want, where they can get bonuses, and where they can have overtime and bring home more money. That is what we need to do, to strengthen our economy. Our goal should be to do that.

One of the reasons the Council of Economic Advisers has recently estimated that the President's plan will spur the American economy to create over 2.1 million jobs in the next 3 years is this focus on the private sector. The President is focused on assuring America's continued economic growth. This plan is one large indication of his commitment to promoting job creation.

The President's plan also calls for the elimination of double taxation on corporate dividends. Under his plan, dividend income received by individuals would be excluded from their taxable income, if those dividends are paid out of previously taxed corporate earnings. This is a very important provision. Many people in America's investor class understand that when they buy stock and receive dividends, they are paying probably a third or more of that in taxes in addition to the fact that it has been paid previously by the corporation.

According to the numbers that have been put together, the United States of America has the second highest tax in the world on corporate earnings, second only to Japan—over 70 percent when you total it up. So this is an unhealthy situation. What is happening for a lot of reasons is the American businesses realize if they distribute—after they make a profit and they pay their 35 percent corporate tax on that—if they distribute it to their stockholders, they have to pay another 35 or so percent on it—or more.

So what do we think, and what do the experts think, this reduction would do to help the economy? I think one thing it would do, clearly, is it would make stocks more attractive. It would cause people to have an additional reason to invest in the stock market. Whatever the level the stock market would be, whether it was low or high, by passing

this tax it would make it higher than it would be otherwise.

I don't guarantee the stock market will go up because it passes, but I guarantee it will be higher than it would otherwise have been. Why? Because when you make the purchase of a stock that produces a dividend, and that dividend comes to you tax free, it is a more attractive investment. That is why people buy tax-free bonds instead of other bonds. So that would be helpful in raising the stock market. It would make it more attractive.

I think it important for us to recall that revenue to our Government is volatile. One reason revenue income to our Government is volatile is the stock market. When the market is up and people sell stock, they have to show a capital gain, and they will pay a tax on the sale—20 percent normally. When the market is down and they sell a stock, they do not take a gain, so they do not pay 20 percent tax on that profit; they take a capital loss.

If they have some other product they sold—real estate they sold and showed a gain on—they can use the loss in the market to offset that gain. Also, they are allowed, under the Tax Code, to take \$3,000 per year and offset that capital loss against their ordinary income, reducing the ordinary income tax they would pay.

To me, this is a clear indication that if the stock market is high and doing well, the Government will receive more revenue. That is not factored into any of these projections whatsoever, what impact the dividend tax reduction would have. If the market is up, revenue will be up. It will give businesses more value if their stock goes up, and they will be able to invest more and grow more. With a higher value stock, they can do that.

In summary, the dividend tax is an unfair double tax. It is the second highest in the world. The elimination of this tax will help the stock market; it will help the recovery; it will help businesses be able to borrow and invest. It will allow individuals to receive income on which they do not have to pay taxes. They will have more money to spend. Because of the change from taking losses to growth, revenues to the Government will go up. I think it is the right thing to do. Dollar for dollar, it is a good plan.

I tell you, there are many good things in the President's proposal. It is something we have to deal with this week. This budget will set the framework for where we are going. It will set the outline for what our spending and our taxing plans will be.

I hope we will focus on two things: containing spending, making it at a reasonable level, and growing this economy, because it is only through growth we will be able to return to surpluses and eliminate the deficits that are now occurring.

I thank the Presiding Officer and yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, let me just take a few moments to respond to my colleague, Senator SESSIONS, who is a valued member of the Budget Committee, I might add, and whom I serve with on the Ethics Committee. He has served there with real distinction as well. But we fundamentally disagree. That is what debate is all about. That is what democracy is all about. And that is what is healthy for the country.

The Senator described the growth package on our side as puny, I think. Let me just say, here is the difference between our two plans for this year. I would describe the President's plan as puny for this year.

Of the total cost of his plan, which is over \$900 billion, less than 5 percent of it is for this year, at the time the economy clearly is weak and needs a lift.

Our plan is more than twice as large as the President's plan for this year: \$102 billion of economic stimulus.

An analysis has been done by the distinguished economist Mr. Mark Zandi of Economy.com, comparing the lift our plan will give the economy over this year and next over the President's plan. It shows the plan we have provided will give almost twice as much in terms of economic stimulus in 2003 and 2004 as the President's plan.

Interestingly enough, for the long term, he finds the President's economic growth plan actually hurts economic growth. Why? Because it explodes deficits and debt. It does not offset the cost of the tax cuts with spending reductions. It finances the tax cuts with borrowed money.

Our friends on the other side seem to have fallen into this notion that you can borrow your way to wealth and economic strength. That has never been true in history. You cannot borrow your way to economic strength. It is as if you had decided you would go out and run up the credit cards and make believe you are wealthy. No, no, no. No, we are not going to buy into that new theory.

Our friends on the other side of the aisle used to believe deficits matter. Many of us on this side still believe deficits matter. I am happy to say some on the other side still believe deficits matter. But it is not just Mr. Zandi who has found that the plan of the President will hurt economic growth in the long term. Macroeconomic Advisers, who is under contract to the White House, under contract to the Congressional Budget Office, to do macroeconomic analysis, has concluded that after 2004, the President's plan actually hurts economic growth. We would have less economic growth than if we did nothing. Now, that is not my idea of economic growth.

I would say this to my colleague: The one thing that is certain about the plan on the other side, the thing that is going to grow is the deficit. The deficit is going to grow. We are already going to have record deficits under this plan, and they are going to continue as far as the eye can see.

According to the President's own documents, we are never going to get out of deficit. It is just like falling off a cliff. Because the cost of the President's tax cuts explodes at the very time the cost of the Federal Government explodes by the retirement of the baby boom generation.

But it is not just my view. Newspaper after newspaper—here is the *Deseret News*, in Salt Lake City:

War is unpredictable . . . a long, protracted campaign that triggers counterattacks by terrorists and Iraqi sympathizers could be hugely expensive. Coupled with giant tax cuts, it could send the budget deficit back into levels not seen in a decade or more, which would stifle growth and hamper investment.

It isn't a growth plan they have on the other side; it is a grow-the-deficit plan, a grow-the-debt plan, that will hurt economic growth.

Congress ought to put the president's tax plan on the shelf for awhile until it knows better how the men and women in uniform are going to be spending their year.

Newspaper after newspaper. Here is the *Philadelphia Inquirer*:

. . . [B]e careful what's given away in the name of any "growth and jobs" plan. Federal budget deficits are back. States are reeling from their own deficits while shouldering new homeland security chores. The demographic train wreck facing Social Security and Medicare as baby boomers age hasn't gone away just because politicians have stopped talking about it. Money is so tight President Bush can't pay for even his own cherished initiatives such as education reform.

This is from the *News & Observer*, Raleigh, North Carolina:

When the Republicans won the White House there was a projected surplus of about \$200 billion for this fiscal year and talk about fully protecting Social Security and even digging out from beneath the national debt. Now, in large part because of the earlier Bush tax cut and necessarily higher spending for the anti-terrorism fight, the nation has plunged into red ink again. . . .

In the meantime, President Bush goes on pushing hard to make tax-rate reductions permanent and to cease federal taxation of stock dividends. Both the federal and state budgets could face dire consequences from this economic plan. On and on it goes. "Unfair tax proposal rewards wrong group."

This is from the *Kansas City Star*:

There's no real debate over the fact that Bush's proposal on dividends would largely benefit the rich. Some apologists talk about wanting to help the elderly, which doesn't tell the whole story; Bush's dividend proposal would help elderly people with lots of money in the stock market.

Bush's tax package is unfair, short-sighted and fiscally irresponsible. He and members of Congress—particularly Republicans, who now control Capitol Hill—must develop a far better plan in the months ahead.

Let me just finish with this one. I have many more because newspapers all around the country—not Democrats, not Republicans—that have tried to analyze the President's plan have come back and said it is a nonstarter. Here is the *Los Angeles Times*:

. . . Bush's trickle-down package threatens to swamp the economy in a wave of debt. And that's before taking into account the

huge but unknowable cost of preparing for and perhaps fighting a war with Iraq. The White House's tax-cutting yet free-spending ways defy history, and taxpayers will be the ones left responsible for decades to come.

That is just a part of what the Senator from Alabama said that I think requires a response. He said some are saying: Do nothing. That is really not what Senator DASCHLE has proposed nor what I have proposed. But I do believe it would be wise, on the brink of war, when there is no provision in this budget for the costs of that war—and none of us are suggesting—I want to make clear to my colleague, if I could have his attention, none of us are suggesting this administration or your party has any intention but to fund our men and women in uniform. I have no doubt of that. I want to make very clear, we make no suggestion, none, that there is any reluctance to back our men and women in uniform. That is not the point.

The point is this: When we are on the brink of war, and there has been no provision in the budget for the cost of that war, even though we know there are substantial costs associated with it, it seems unwise to some of us to increase spending, to have new spending initiatives—except for defense and homeland security—or to have new tax cuts, unless they are for a stimulus package.

That is the point we are making. And I think it is a wise one and a prudent one.

Mr. SESSIONS. Mr. President, will the Senator yield for a question?

Mr. CONRAD. I am happy to yield for a question.

Mr. SESSIONS. I understand that. I think the suggestion is our budget process has to stop until that occurs. And I think it is impossible for the President to give us a number now. I believe it does cause some confusion in our unity, which I would not favor.

But I want to ask the Senator this.

Mr. CONRAD. Let me just respond to that first.

Look, we are not suggesting the budget process stop. No. We are saying there ought to be a point of order, a 60-vote point of order against new spending initiatives, unless for defense or homeland security, or for new tax initiatives, other than for a stimulus package.

We are not suggesting the budget process stop. We are suggesting it proceed, but that it proceed with some restriction, some disincentive for new spending, other than for defense and homeland security, or for new tax initiatives, other than for a stimulus package.

Mr. SESSIONS. I know the Senator is committed to whatever figure we have to do to fund the effort of our fine men and women in uniform. I was looking at the Democratic proposed stimulus plan, and it is pretty anemic. I ask Senator CONRAD if he knew that not only was it basically limited, most of it in just 1, 2, or 3 years, but that in fact in 2004, as a result of eliminating the

depreciation provisions that are in existing law, it would amount to a \$16.7 billion tax increase on small businesses in 2004 and a \$14.8 billion increase in 2005?

Mr. CONRAD. Part of the plan that I have endorsed would include enhanced depreciation for small business.

Mr. SESSIONS. We passed it as part of a stimulus package before. The bill that has been put forward as the Democrat stimulus plan calls for the elimination of those which would amount to a tax increase over the current law of \$16.7 billion in 2004 and \$14.8 billion in 2005.

I ask the Senator if he believes this kind of very large increase in taxes on small businesses would be wise in a time of economic slowdown?

Mr. CONRAD. No. In fact, the plan I have endorsed would expand expensing for small business. I think that is a better course and would be a real stimulus. We should aggressively have a plan of small business expensing, expanding small business expensing in this year.

I see Senator ALLARD is in the Chamber. Is he seeking time?

Mr. ALLARD. I have a statement I would like to make when we get an opportunity during the debate.

Mr. CONRAD. We are under a time limit. There needs to be a granting of time in order for Senators to have an opportunity to speak. Senator NICKLES is not here at the moment. Perhaps he is on his way.

Mr. NICKLES. Mr. President, I yield the Senator from Colorado such time as he desires.

The PRESIDING OFFICER (Mr. ALEXANDER). The Senator from Colorado.

Mr. ALLARD. Mr. President, I need time to get set up.

Mr. NICKLES. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### MORNING BUSINESS

Mr. NICKLES. Mr. President, I ask unanimous consent that the Senate proceed to a period for morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### THE TEACHER TAX RELIEF ACT OF 2003

Mr. WARNER. Mr. President, I rise today in support, once again, of America's teachers by joining with Senator COLLINS in introducing the Teacher Tax Relief Act of 2003.

Senator COLLINS and I have worked closely for some time now in support of legislation to provide our teachers with

tax relief in recognition of the many out-of-pocket expenses they incur as part of their profession. In the 107th Congress, we were successful in providing much needed tax relief for our Nation's teachers with passage of H.R. 3090, the Job Creation and Worker Assistance Act of 2002.

This legislation, which was signed into law by President Bush, included the Collins/Warner Teacher Tax Relief Act of 2001 provisions that provided a \$250 above-the-line deduction for educators who incur out-of-pocket expenses for supplies they bring into the classroom to better the education of their students. These important provisions will provide almost half a billion dollars worth of tax relief to teachers all across America over the next two years.

While these provisions will provide substantial relief to America's teachers, our work is not yet complete.

It is now estimated that the average teacher spends \$521 out of his or her own pocket each year on classroom materials—materials such as pens, pencils and books. First-year teachers spend even more, averaging \$701 a year on classroom expenses.

Why do they do this? Simply because school budgets are not adequate to meet the costs of education. Our teachers dip into their own pocket to better the education of America's youth.

Moreover, in addition to spending substantial money on classroom supplies, many teachers spend even more money out of their own pocket on professional development. Such expenses include tuition, fees, books, and supplies associated with courses that help our teachers become even better instructors.

The fact is that these out-of-pocket costs place lasting financial burdens on our teachers. This is one reason our teachers are leaving the profession. Little wonder that our country is in the midst of a teacher shortage.

Without a doubt, the Teacher Tax Relief Act of 2001 took a step forward in helping to alleviate the Nation's teaching shortage by providing a \$250 above-the-line deduction for classroom expenses.

However, it is clear that our teachers are spending much more than \$250 a year out of their own pocket to better the education of our children.

Accordingly, Senator COLLINS and I have joined together to take another step forward by introducing the Teacher Tax Relief Act of 2003.

This legislation will build upon current law in three ways. The legislation will:

No. 1, increase the above-the-line deduction for educators from \$250 allowed under current law to \$500;

No. 2, allow educators to include professional development costs within that \$500 deduction. Under current law, up to \$250 is deductible but only for classroom expenses; and

No. 3, make the Teacher Tax relief provisions in the law permanent. Current law sunsets the Collins/Warner provisions after 2 years.